

PUNJ LLOYD KAZAKHSTAN LLP

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31, 2017

PUNJ LLOYD KAZAKHSTAN, LLP

Financial Statements

**For the Year Ended March 31, 2017
With Independent Auditor's Review**

PUNJ LLOYD KAZAKHSTAN LLP

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31,2017

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INDEPENDENT AUDITORS 'REPORT

To the founder of « PUNJ LLOYD KAZAKHSTAN » LLP

Opinion

We have audited the accompanying financial statements of LLP Punj Lloyd Kazakhstan (the "Company"), which comprise the balance sheet as at 31 March 2017, reports about the profit and damages and other comprehensive income, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2017, and its financial results and cash flows for the year 31 March 2017 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities in accordance with these standards are described in the section below.

"The responsibility of the auditor for the audit of financial statements" of our report..

We are independent of the Company in accordance with the

Ethical requirements applicable to our audit of financial statements in the Republic of Kazakhstan, and we have fulfilled other ethical duties in accordance with these requirements. We believe that our audit evidence is sufficient and appropriate to serve as a basis for expressing our opinion.

Management's responsibility and those responsible for the corporate governance of financial statements

Partnership management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, as well as the internal control procedures that are appropriate in the opinion of management, to ensure the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Partnership to continue its activities continuously, for disclosure of appropriate information relating to business continuity, and for drawing up reports on the basis of going concern basis, except in cases when the leadership intends to liquidate the Partnership to cease its activities, or when it does not have any other real alternative other than liquidation or winding-up.

Those responsible for corporate governance are responsible for overseeing the preparation of financial statements of the Partnership.



Responsibility of the auditor for the audit of financial statements our goal is to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high degree of confidence, but it is not a guarantee that an audit conducted in accordance with International Standards on auditing, always identifies material misstatements, if any. Distortion can be the result of fraud or error, and considered essential, if one can reasonably assume that, individually or taken together, they could influence the economic decisions of users taken based on the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we apply professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; we develop and carry out audit procedures in response to these risks; obtain audit evidence is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, a sunscrupulous actions may include collusion, forgery, deliberate omission, a distorted view of information or action to bypass the internal control system;
- we obtain an understanding of internal control relevant to the audit, to develop audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system of the Association;
- assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures prepared by management;
- we conclude on the legality of applying the going concern assumption, and on the basis of the audit evidence obtained - a conclusion whether there is significant uncertainty in relation to events or conditions that result can be considerable doubt as to the Company's ability to continue its operations continuously. If we conclude that there is significant uncertainty, we must draw attention in our report to the appropriated is closures in the financial statements, or if such disclosure is inadequate, modify our opinion. Our findings are based on audit evidence obtained prior to the date of our audit report. However, future events or conditions may lead to the fact that the Partnership will lose the ability to continue its operations continuously;
- we assess the presentation of the financial statements as a whole, its structure and content, including the disclosure of information, and that is whether the financial statements of the underlying transactions and events so that they are fair presentation was provided.





We provide information interaction with those responsible for corporate governance, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as on significant observations on the results of the audit, including the significant shortcomings of the internal control system, which we reveal during the audit.

31 march 2017
Almaty, Kazakhstan

TOO «Nexia KZ»

No. 15000388 dated January 12, 2015,
Director of LLP "NEXIAKZ"

Issued by the Financial Control Committee
certificate № 528 from February 15, 2002)
Ministry of Finance of the Republic of Kazakhstan



Sipakov V.N.

State license for the occupation Managing

Auditor activity (the Qualification

PUNJ LLOYD KAZAKHSTAN LLP

(Figure in Thousands of Kazakhstani Tenge)

Balance Sheet as at March 31, 2017

Non-Current assets :	Note	31-March-17	31-Mar-16
Intangible Assets			
Software			
Deferred Tax Asset			
Tangible Assets			
Property, plant and equipment	3	248,676	383,178
		<u>248,676</u>	<u>383,178</u>
Current assets:			
Inventories and work in progress	4	596,992	728,480
Trade and other receivables	5	101,875	107,077
Bank balance and Cash	6	418	360
		<u>699,285</u>	<u>835,917</u>
Current liabilities:			
Trade and other payables	7	3,520,764	4,053,942
Bank loan and overdraft	8	1,752,683	1,882,945
		<u>5,273,447</u>	<u>5,936,887</u>
Net current assets		(4,325,485)	(5,100,970)
Deferred Tax Liability			
Net assets		(4,325,485)	(4,717,792)
Represented By:			
Shareholders funds			
Share capital	1	1,107,977	1,107,977
Retained earnings		(5,433,462)	(5,825,769)
		<u>(4,325,485)</u>	<u>(4,717,792)</u>



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This balance sheet is checked by auditors. Please see auditor's report

AUDITOR

SEAL



PUNJ LLOYD KAZAKHSTAN LLP

(Figure in Thousands of Kazakhstani Tenge)

Income Statement for the period ended March 31, 2017

	Note	31-March-17	31-March-16
Revenue	2		
Less: Cost of sales			
Gross profit			
General and administrative expenses		(401,493)	(568,836)
Other operating income		337,205	34,558
Foreign exchange loss/ (gain), net		456,596	(2,517,103)
Operating profit		392,307	(3,051,382)
Finance costs			
Profit before income tax		392,307	(3,051,382)
Income tax	10		
Deferred Tax liability			
Deferred Tax			
Profit after tax		392,307	(798,703)



GENERAL DIRECTOR
CHIEF ACCOUNTANT

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AUDITOR

SEAL



The attached notes 1 to 13 form an integral part of these financial statements.

PUNJ LLOYD KAZAKHSTAN LLP

(Figures in Thousands of Kazakhstani Tenge)

Statement of changes in Shareholder's Equity for the period ended March 31, 2017

	Note	Share capital	Reserves	Total shareholder's equity
Balance at April 01, 2016		1,107,977	(5,825,770)	(4,717,792)
Add:				
Net income for the period ended March 31, 2017			392,307	392,307
Balance at March 31, 2017		1,107,977	(5,433,462)	(4,325,485)



GENERAL DIRECTOR
CHIEF ACCOUNTANT

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AUDITOR

SEAL



The attached notes 1 to 13 form an integral part of these financial statements.

Notes forming part of the financial statements – March 31, 2017



PUNJ LLOYD KAZAKHSTAN LLP

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31, 2017

e. Revenue recognition

Income from construction contracts is recognized on percentage of completion of contract method. Percentage of completion is determined on the basis of total cost incurred to date of estimated final costs to completion. No profit is recognized unless there is reasonable progress on the contract. Losses on contracts are recognized when first identified. The effect of any adjustment arising from revisions to estimates is included in the income statement of the period in which revisions are made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Revenue

31-March-17

31-Mar-16

Progress Billing
Movement of balance of Work in Progress
During the period

Depreciation is consistently provided on the straight-line basis so as to write off the cost of the property, plant and equipment over their expected useful lives. The depreciation has been provided as per the following rates:

Depreciation Rates

Building and constructions	10%
Machinery and Equipment	25%
Vehicles	
- Buses	10%
- Other	10%
Software	30%
Furniture and Fixtures	10%

g. Impairments

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether the assets has been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognized as an expense in the income statement.



Notes forming part of the financial statements – March 31, 2017

PUNJ LLOYD KAZAKHSTAN LLP*(Figures in Thousands of Kazakhstani Tenge)***Notes forming part of the financial statements – March 31,2017****Cost****At April 01, 2016**

Additions during the year

At March 31,2017**Depreciation****At April 01, 2016**

Charge for the year

At March 31,2017**Net Book Value****At April 01, 2016****At March 31,2017****Software****0****0****0****0****4. Inventories and work in progress****31-March-17****31-March-16**

Inventories

596,992

Work in Progress

0

0

728,480**729,478****5. Trade and Other receivables****31-March-17****31-Mar-16**

Trade Receivables

96,632

94,928

Advances

355

1,144

Pre-payments

1,258

980

Other receivables

3,629

10,025

101,875**107,077**

PUNJ LLOYD KAZAKHSTAN LLP

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31,2017

6. Related Party transactions

The Company, in the ordinary course of business, enters into trading and financial transactions with parties, which fall within the definition of "related party" as defined in International Accounting Standard 24. These related parties are under common control. The Management believes that the terms of such transactions are not materially different from those that could have been obtained from unrelated parties. The amounts due from / to related parties are unsecured, interest free and are repayable on demand.

The amount due to related parties included in Trade and Other Payables as on 31.03.2017 is KZT 3,334,467 thousands (As on 31.03.2016 due from Trade and Other Payables KZT 3,633,922 thousands)

7. Bank Balances and Cash

	<u>31-March-17</u>	<u>31-Mar-16</u>
Bank Balances		
KZT		
Dollars		
Fixed Deposit		360
Cash on hand		
Money in transit		
		<u>360</u>

8. Current Liabilities

	<u>31-March-17</u>	<u>31-Mar-16</u>
Trade payables	3,391,949	3,741,826
Advance payment from customer		
Accruals and provisions	163	2,027
Other Payables	128,651	310,089
	<u>3,520,764</u>	<u>4,053,942</u>



PUNJ LLOYD KAZAKHSTAN LLP*(Figures in Thousands of Kazakhstani Tenge)***Notes forming part of the financial statements – March 31,2017****9. Loans and overdraft**

	<u>31-March-17</u>	<u>31-Mar-16</u>
<u>Bank Loans</u>		
SBI / ICICI Bank		0
<u>Loans from Shareholder /other related parties</u>		
Punj Lloyd Limited	1,422,145	1,522,723
Interest on Loan	330,538	360,222
Total loans including overdraft	1,752,683	1,882,945

Out of total loans received from Punj Lloyd Limited KZT 1,422,145 thousand (USD 4,517 million) bear interest at 0% p.a.

10. Provision for Tax

	<u>31-March-17</u>	<u>31-Mar-16</u>
Provision for Corporate Tax	-----	-----
Deferred Tax		
	0	0
	0	0

11. Financial instruments**Fair Value**

The Management believes that the fair values of financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

Interest rate risk

The company is exposed to interest rate risk from its interest earning financial assets and interest bearing liabilities. The effective interest rates on financial assets and liabilities are at commercial rates negotiated from time to time.

Foreign Exchange rate risk

The Company is exposed to foreign exchange rate risk as the US Dollar is constant against the Kazakh Tenge. The rate of US \$ 1 as on March 31,2017 was Kazakhstani Tenge 314.79 as against 343.06 on March 31, 2016



PUNJ LLOYD KAZAKHSTAN LLP

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Notes forming part of the financial statements – March 31, 2017

12. Contingent liabilities and other commitments

At the balance-sheet date, the company had the following contingent liabilities and other commitments

	<u>31-March-17</u>	<u>31-Mar-16</u>
Outstanding Letter of credit (in USD)		
Letter of Guarantee on AGIP and KSS by Citibank	0	0
	<u>0</u>	<u>0</u>

13. Comparative figures

Previous year figures have been regrouped whenever necessary to confirm to the current year's presentation.



"PUNJ
LLOYD GENERAL DIRECTOR
KAZAKHSTAN"
(ПУНДЖ
ЛЛОЙД
КАЗАХСТАН)
CHIEF ACCOUNTANT

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AUDITOR

SEAL

